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Activities not classified by field: international economic and social classifications

International economic and social classifications

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-third session.[a] It outlines how the recommendations of the Commission concerning international statistical classifications have been addressed since that session.

Points for discussion by the Commission are contained in paragraph 33.

[a] See *Official Records of the Economic and Social Council, 2002, Supplement No. 4* (E/2002/24), chap. I, sect. A.

* E/CN.3/2003/1.

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I. Status of recommendations

A. Recommendations on international classifications made by the Statistical Commission at its thirty-third session

1. At its thirty-third session, the Statistical Commission:[1]

(a) Supported the proposed approach to include countries in the revision process through questionnaires and regional meetings;

(b) Recommended that the International Standard Industrial Classification of All Economic Activities (ISIC) revision process give priority to developing the high-level structure of the classification;

(c) Welcomed the proposed changes in the convergence process between the General Industrial Classification of Economic Activities within the European Communities (NACE) and the North American Industry Classification System (NAICS), which would allow for greater integration of that work into the ISIC revision process, but stressed that the ISIC revision also had to consider the needs of a broader group of countries;

(d) Noted that the next step in the NACE-NAICS convergence process included more detailed elaboration by Canada, the European Union, Mexico and the United States of America of the modalities to be employed, and considered that those modalities should be defined so as to ensure during the whole convergence process wide and strong coordination between the working group on convergence and the Technical Subgroup of the Expert Group on International Economic and Social Classifications.

B. Activities carried out in response to requests of the Commission

2. Activities carried out in the area of statistical classifications since the thirty-third session of the Commission are described below.

1. International Standard Industrial Classification of All Economic Activities and Central Product Classification

3. The work on the revision of ISIC and the Central Product Classification (CPC) for 2007 is progressing according to the work plan approved by the Commission at its thirty-third session.

4. The final review of responses to the initial questionnaires on conceptual and structural issues for the ISIC revision was completed earlier in 2002, and is currently serving as a guideline for further discussions in the revision process.

5. The Technical Subgroup of the Expert Group on International Economic and Social Classifications is preparing a concept paper that will outline the underlying principles of the revised classifications; a first draft was completed at a Technical Subgroup meeting in October 2002. The draft concept paper has been submitted to the Expert Group for its review and approval, and will be made available to the Commission.

6. The concept paper discusses the recommendations of the Technical Subgroup by considering the three driving factors of the revision process: relevance, comparability and continuity.

7. The relevance of any proposed changes has been and will be evaluated to ensure that any changes made to the classification increase its applicability and allow it to better reflect changed economic reality.

8. Comparability was given a high priority in response to previous requests by the Commission to address the issue of convergence between existing activity classifications. The convergence process between NACE and NAICS is still in a phase of consultations with stakeholders. Therefore, no definite result of that process was available at the time of preparation of the present report; its outcome will have to be evaluated against current recommendations.

9. Responses to the questionnaire on conceptual and structural issues have shown that a large number of countries consider continuity, i.e., strong links to previous versions of the classification, to be a key factor for the revision. That consideration has been taken into account, minimizing the impact of the revision process on areas of the classification that have not been clearly identified as targets for revision.

10. The concept paper considers underlying concepts and shows a possible structure for a revised ISIC. In many cases, the current treatment in ISIC has been confirmed, allowing for greater continuity. The restrictions that such an approach places on comparability have been considered minor and are discussed in the paper. As requested by the Commission, the paper places emphasis on the top structure of ISIC for the time being.

11. Although recommendations and a possible structure for a revised ISIC are provided, the concept paper leaves more questions open for CPC. A clear definition of the purpose of CPC is necessary since that will determine the outcome of other discussions on (a) the appropriate structure of CPC, (b) its links to other classifications, (c) its role and application within the System of National Accounts and (d) potential boundary problems. The Commission may wish to give its opinion on those issues.

12. The concept paper, including the description and possible structure of a revised ISIC, will be used in a second questionnaire that will be sent to all national statistical offices and interested international organizations. That questionnaire will solicit additional input, based on a concrete structure for a new classification. The questionnaire will be sent out at the end of the first quarter of 2003.

13. The concept paper will also serve as a basis for discussion at the proposed regional meetings. However, to date there have been no clear indications that resources for those regional meetings are available. The United Nations Statistics Division will continue its regular cycle of classification workshops, to be held in cooperation with the Economic and Social Commission for Western Asia and the Economic Commission for Latin America and the Caribbean in their respective regions; those meetings were planned independently of the regional meetings. The Division will therefore be able to support the revision discussions in those two areas. In the Asia and Pacific region, the creation of a working group to provide input into the revision process is under way. The Commission may wish to assess the state of preparation and the feasibility of holding the planned regional meetings to support the revision process and allow countries to enjoy active participation.

14. After reviewing the outcome of those meetings and additional input received, a provisional final draft of the classification is scheduled for the end of 2004. Evaluation of reactions to that draft should lead to a final draft by mid-2005, which could be submitted to the Commission in 2006, as previously proposed.

2. Standard International Trade Classification and Classification by Broad Economic Categories

15. Responding to the changes implemented in the Harmonized Commodity Description and Coding System (HS) in 2002, correlation tables between the Standard International Trade Classification, Revision 3, and the Classification by Broad Economic Categories have been updated and published (see ST/ESA/STAT/117). Correlation tables between the 1996 edition of HS, the 2002 edition of HS and BEC were prepared and published in March 2002 (see ST/ESA/STAT/115 and ST/ESA/STAT/116).

3. International Standard Classification of Occupations

16. The International Labour Organization is currently undertaking a review of the International Standard Classification of Occupations (ISCO-88), and expects to issue a report in February 2003. The Seventeenth International Conference of Labour Statisticians is to be held in November/December 2003, and one of the items to be discussed is whether to recommend that ISCO-88 be revised and not merely updated and improved.

4. International Standard Classification of Education

17. The Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization will continue to improve member States' overall understanding and application of the International Standard Classification of Education (ISCED). In particular, as part of its continuing series of workshops, the Institute's education programme will continue to work on the application of the ISCED system by improved mapping of the national education systems of member States.

18. As stated in its medium-term strategy for 2002-2007, the Institute will identify new data areas, and will consider a revision of the existing international standard definitions and classifications, in partnership with the competent institutions. The ISCED operational manual and manual on fields of education and training will be finalized and widely disseminated, together with relevant training material, to assist member States in implementing the revised ISCED with a view to improving the international comparability of educational data.

19. During 2002-2003, the Institute has been conducting reviews of its data-collection activities in the areas of science and technology, culture and communication. The completion of those reviews may lead to proposals for the revision of relevant international standards.

20. A draft version of the country operational manual for ISCED-97 has been completed, subject to consultation with member States during the 2002 and 2003 workshops, and will be published by the end of 2003.

21. In January 2000, the Statistical Office of the European Communities (Eurostat) published a fields of education and training manual. The manual was sent to the Expert Group on International Economic and Social Classifications for review and comments in 2000. Comments were received from several members and have been summarized. The Institute will initiate a second stage of consultations with member States and other stakeholders in spring 2003.

5. Balance of Payments and Extended Balance of Payments Services classifications

22. Adding to the previous work on separately identifying financial derivatives in the Balance of Payments classification,[2] at the October 2001 meeting of the international Monetary Fund (IMF) Committee on Balance of Payments Statistics it was agreed that financial derivative transactions involving affiliated enterprises should be classified within the financial derivatives category.

23. A revision of the fifth edition of the IMF *Balance of Payments Manual* (BPM5) will begin in 2003, with a proposed completion date of end-2008. The Balance of Payments classification will be reviewed as part of that process.

24. The Extended Balance of Payments Services classification was completed with the finalization of the *Manual on Statistics of International Trade in Services*. No changes are proposed before the revision of BPM5.

6. International Classification of Activities for Time-Use Statistics

25. The United Nations Statistics Division has undertaken a number of activities related to the draft International Classification of Time-Use Activities (ICATUS), the most notable of which is the finalization of the *Guide to Producing Statistics on Time Use: Measuring Paid and Unpaid Work*, which is currently being edited and will soon be available to the general public. Both the detailed and concise versions of the draft ICATUS are annexed to the *Guide*.

26. The ICATUS was also submitted to the Technical Subgroup of the Expert Group on International Economic and Social Classifications, which expressed its interest in furthering that work.

27. Future activities of the Division will consist of making the draft classification more widely accessible for comments. For that purpose, it is envisaged that the draft ICATUS will be made available on the Division's web site in the near future. As appropriate, meetings or technical groups may be organized.

7. Supporting activities, mechanisms and tools

28. The United Nations Statistics Division has conducted a classifications workshop as part of the Association of South-East Asian Nations (ASEAN) Development Account project in June 2002. The workshop focused on recent changes to the international activity and product classifications, as well as preparations for their revision in 2007. The creation of a working group of ASEAN member countries on classifications was recommended so as to provide consolidated input into the international revision process on particular issues of concern to the region. The organizational details for such a working group are currently being discussed.

29. The Classifications web site (http://unstats.un.org/unsd/class) continues to be an important tool in disseminating up-to-date information on classifications and supporting documents. Continued restructuring has further facilitated user access to information and online products. An increasing number of classification documents, such as structures, correspondences tables and supplementary texts, are now available as free downloads to users. Ongoing cooperation with the Division's International Trade Statistics Branch has improved the availability of information related to trade classifications.

30. The *Classifications Newsletter* continues to announce new developments, publications and technical materials related to United Nations statistical classifications. It is available in print and in an electronic version, which is published on the Classifications web site. The web site also features an automatic subscription to the *Newsletter*, by means of which the *Newsletter* is disseminated to about 600 users in more than 90 countries, in addition to the standard distribution list.

31. The Classifications Registry, as part of the Classifications web site, continues to maintain a current database that contains updated versions of the classifications in the Division's custody and problems relating to the implementation of ISIC and CPC identified by the Classifications Hotline and other sources. The Division issues ad hoc reports to the Technical Subgroup on interpretation problems and the use of classifications recorded in the Registry for discussion at various meetings. Complete information about classifications maintained by the Division and relevant rulings, interpretations and proposals are posted on the Division web site and can be searched according to user needs. The web site has been updated to reflect issues related to revision processes in a more direct way. In addition to the regular classification structure, agreed and proposed alternate aggregations will be recorded in the Registry.

32. The web site also provides information on national implementation and national practices for activity and product classifications. Information has been gathered from ad hoc questionnaires and workshops, and will be updated with current information from countries.

II. Points for discussion

33. The Commission may wish to express its views on the following questions:

(a) In the light of the apparent lack of human and financial resources to conduct the regional workshops, can the Commission suggest alternative ways for allowing all countries to enjoy active participation in the ISIC and CPC revision process?

(b) Does the Commission agree with the strategy outlined in the concept paper prepared by the Technical Subgroup?

Notes

[1] See *Official Records of the Economic and Social Council, 2002, Supplement No. 4* (E/2002/24), para. 54.

[2] See International Monetary Fund, *Financial Derivatives: A Supplement to the Fifth Edition (1993) of the Balance of Payments Manual* (Washington, D.C., 2000).